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October 13, 2011

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: *Applications of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 11-65

Dear Ms. Dortch:

As AT&T has explained in prior filings, its acquisition of T-Mobile USA from Deutsche Telekom will yield substantial public interest benefits, including thousands of new jobs through the creation of a more robust national wireless infrastructure.¹ The transaction will allow the combined company to dramatically expand network capacity, thus directly benefiting consumers by reducing dropped and blocked calls, increasing data speeds, and putting downward pressure on prices.² And with the additional scale, spectrum and other resources of the combined company, this merger will enable AT&T to deploy 4G LTE mobile broadband service to more than 97 percent of the U.S. population – including 55 million more Americans and over one million more square miles than without the merger.³ In the process, the merger will spur billions of dollars in additional investment, create thousands of jobs, and significantly narrow the digital divide while advancing the Administration's rural broadband objectives – all of which will aid the nation's economic recovery and future economic strength without the expenditure of public funds.⁴ On top of that, AT&T has made significant job commitments, including our commitment to make a job offer guarantee available to existing T-Mobile USA non-management employees, our commitment to retain the two companies' U.S. call center employees, and our commitment to bring 5,000 call center jobs back to the U.S.

¹ See Description of Transaction, Public Interest Showing, and Related Demonstrations, WT Docket No. 11-65, at 18-63 (April 21, 2011) (Public Interest Statement); Joint Opposition of AT&T, Inc., Deutsche Telekom AG, and T-Mobile USA, Inc. to Petitions to Deny and Reply to Comments, WT Docket No. 11-65, at 19-93 (June 10, 2011) (Joint Opposition). AT&T is aware that the Commission has requested additional information about the job-related effects of the transaction. Letter from Rick Kaplan, FCC, to Richard Rosen, Arnold & Porter, WT Docket No. 11-65 (Oct. 13, 2011). AT&T intends to respond fully to that request. In the meantime, AT&T submits the instant letter in response to the filings by Public Knowledge and Free Press discussed below.

² *Id.*

³ Public Interest Statement at 75-76.

⁴ Public Interest Statement at 54-61; Joint Opposition at 83-93.

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Despite the wide array of economic benefits from the merger, Public Knowledge and Free Press recently filed letters with the Commission alleging that the merger will have negative consequences for employment in the U.S.⁵ Public Knowledge also claims that, if T-Mobile USA were to remain a stand-alone provider, “it will continue to create good jobs for thousands of American workers,”⁶ notwithstanding the challenges it faces in the marketplace. But as with their prior advocacy in this docket, the latest letters from these two interest groups paint a distorted picture of the merger colored with their usual inflammatory rhetoric. Their assertions omit critical facts in the record, defy marketplace realities, and ignore the numerous job-related commitments AT&T has made. Below, we describe the key errors and omissions in the filings by Public Knowledge and Free Press and we explain why the Commission should disregard those filings. Indeed, when all of the relevant evidence is considered, the record before the Commission clearly demonstrates that this transaction will create a far more robust national wireless infrastructure that will encourage job-producing economic growth in an otherwise severely challenging economic environment.

First, Public Knowledge and Free Press ignore AT&T’s prior filings in this docket, which make clear that although some jobs serving redundant functions would be eliminated to reduce costs, AT&T will rely primarily on natural attrition – employees retiring, taking other jobs, etc. – to accomplish those reductions.⁷ Indeed, the very same AT&T document⁸ that Public Knowledge and Free Press cite in their letters **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

[END HIGHLY CONFIDENTIAL INFORMATION]⁹ Public Knowledge and Free Press tellingly chose to omit this key fact from their letters.¹⁰

⁵ Letter from Harold Feld, Public Knowledge, to Marlene Dortch, FCC, WT Docket No. 11-65 (Sept. 19, 2011) (Public Knowledge Letter); Letter from Derek Turner, Free Press, to Marlene Dortch, FCC, WT Docket No. 11-65 (Sept. 19, 2011) (Free Press Letter).

⁶ Public Knowledge Letter at 3.

⁷ See Joint Opposition at 93.

⁸ The document on which Public Knowledge and Free Press base their claims – **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

[END HIGHLY CONFIDENTIAL INFORMATION] – is not a detailed merger integration plan for the two companies that identifies any specific employees, stores or call centers. **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** The development of such an integration plan would need to account for any merger commitments or conditions, including those discussed below.

⁹ **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

[END HIGHLY CONFIDENTIAL INFORMATION] Public Knowledge cited the preceding pages of the document in its letter, while Free Press cited a prior version of the document **[BEGIN HIGHLY**

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Second, Public Knowledge and Free Press ignore AT&T's commitment to provide a job offer guarantee to existing T-Mobile USA non-management employees.¹¹ Pursuant to that commitment, T-Mobile USA non-management employees whose job functions are no longer required because of the merger will be offered another position in the combined company. As AT&T Chairman and CEO Randall Stephenson explained in congressional testimony, AT&T has previously used an analogous approach "to very effectively move employees out of declining businesses into growth businesses."¹² By offering a job offer guarantee to T Mobile USA's non-management employees, the combined company can achieve significant efficiencies while providing good job opportunities for those employees who wish to remain with the combined company.¹³

Third, Public Knowledge and Free Press likewise ignore AT&T's commitment that the merger will not result in any job losses for U.S.-based wireless call center employees of T-Mobile USA or AT&T who are on the payroll when the merger closes.¹⁴ While the precise number of call center employees working for AT&T and T-Mobile USA at that time cannot be predicted with precision today, this commitment will likely apply to over 20,000 employees of the combined company.

Fourth, Public Knowledge and Free Press also ignore AT&T's commitment that, following the merger, it will bring back 5,000 wireless call center jobs to the U.S. that today are outsourced to other countries.¹⁵ These 5,000 new call center jobs will offer good wages and

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¹⁰ Public Knowledge and Free Press similarly neglect to acknowledge that the AT&T document cited in their letters was prepared before AT&T made the various job-related commitments described below and, thus, it does not reflect those commitments.

¹¹ See Hearing Before the Subcommittee on Intellectual Property, Competition, and the Internet of the Committee on the Judiciary, House of Representatives, *How Will the Proposed Merger Between AT&T and T-Mobile Affect Wireless Telecommunications Competition*, Serial No. 112-45, at 178 (May 26, 2011) (Stephenson House Testimony) at http://judiciary.house.gov/hearings/printers/112th/112-45_66543.PDF. See also Hearing of the Antitrust, Competition Policy and Consumer Rights Subcommittee of the Senate Judiciary Committee, *The AT&T/T-Mobile Merger: Is Humpty Dumpty Being Put Back Together Again?*, Transcript by Bloomberg Government, at 18 (May 11, 2011).

¹² See Stephenson House Testimony at 178.

¹³ See Stephenson House testimony at 178 ("Using [a job offer guarantee] and attrition, we believe we can manage through this."). Detailed information about T-Mobile USA's staffing levels and employment practices is not currently available to AT&T. Thus, the specific details of the job offer guarantee will be finalized once AT&T has access to such information and the merger closes.

¹⁴ *AT&T to Bring 5,000 Call Center Jobs Back to U.S. Following T-Mobile Merger Closing*, AT&T Press Release (Aug. 31, 2011) (AT&T Press Release).

¹⁵ See AT&T Press Release.

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benefits. AT&T's plan to repatriate these jobs is the largest commitment by an individual U.S. company to bring jobs to this country since the economic crisis began in 2008.

Fifth, Public Knowledge and Free Press ignore that the merger will create a far more robust national wireless infrastructure, while permitting AT&T to extend its 4G LTE footprint to more than 97% of all Americans. Those critical public benefits will have ripple effects throughout the economy, creating a platform for more innovation, more investment, and the creation of thousands of new jobs. For example, a more robust and ubiquitous mobile broadband footprint means that countless application developers and device manufacturers will have access to a platform that can support a variety of new products and services that enable consumers and businesses to take advantage of the latest advances in telemedicine, distance learning, smart grid, telework, gaming and entertainment, and many other areas. That is why the merger has received such strong support from the hi-tech and venture capital communities, including Microsoft, Oracle, Yahoo!, Facebook, the Silicon Valley Leadership Group, Kleiner Perkins, Sequoia Capital, and many others.¹⁶ It is also why both the Commission and the Administration have touted the stimulative effects of mobile wireless platforms. Just last month, Chairman Genachowski highlighted a new study by Deloitte that “estimates that investment in 4G mobile broadband networks, which is already underway, will add up to \$151 billion in GDP growth over the next four years, creating 771,000 new jobs.”¹⁷ And Lawrence Summers, then head of the President's National Economic Council, explained last year that “[e]ach dollar invested in wireless deployment is estimated to result in as much as \$7 to \$10 higher GDP” and as wireless investment grows “the benefits for job creation and job improvement are likely to be substantial.”¹⁸ Free Press and Public Knowledge conveniently ignore these critical effects.

Sixth, in asserting that without the merger T-Mobile USA “will continue to create good jobs for thousands of American workers,”¹⁹ Public Knowledge ignores the fact that T-Mobile USA has been consistently losing customers for the last eighteen months. In particular, after losing 318,000 net contract subscribers in 2010, T-Mobile USA lost more than double that amount – another 663,000 net contract customers – in just the first six months of 2011 alone.²⁰ And as T-Mobile USA's subscriber losses have continued to mount, many other providers have been busy deploying LTE networks and promoting these more advanced, higher-speed LTE

¹⁶ See Joint Opposition at 2-3, 83-88.

¹⁷ FCC Chairman Julius Genachowski, *Jobs and the Broadband Economy*, Washington, DC, at 6 (Sept. 27, 2011). See also *Broadband: A Driving Force for American Job Creation & Economic Growth*, FCC News Release (Sept. 27, 2011) (Chairman Genachowski: “No infrastructure matters more for job creation and economic growth in the 21st century than broadband Internet.”).

¹⁸ Lawrence H. Summers, *Technological Opportunities, Job Creation, and Economic Growth*, Remarks at the New America Foundation on the President's Spectrum Initiative (June 28, 2010), <http://www.whitehouse.gov/administration/eop/nec/speeches/technologicalopportunities-job-creation-economic-growth>.

¹⁹ Public Knowledge Letter at 3.

²⁰ *T-Mobile USA Reports Second Quarter of 2011 Results*, T-Mobile USA Press Release, at 10 (Aug. 4, 2011).

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services, which create even stronger competitive headwinds that T-Mobile USA must face going forward. As Deutsche Telekom Senior Vice President Thorsten Langheim explained, “While other competitors are quickly moving to build out and develop their LTE networks, T-Mobile USA lacks a clear path to deployment of LTE” because it “does not have access to the spectrum needed to deploy LTE in an economically and technically sustainable fashion.”²¹ To make matters even more difficult, Deutsche Telekom has decided that it needs to focus its capital spending on its European operations and has told T-Mobile USA that it must “fund its future itself.”²² Public Knowledge does not acknowledge any of these real-world challenges, let alone attempt to square them with its inapt portrayal of T-Mobile USA as an engine of future job-creation.

Finally, Public Knowledge and Free Press ignore the fact that AT&T is the only major unionized wireless provider in the U.S. and that labor unions representing 20 million workers and educators – including the CWA, the AFL-CIO, the Service Employees International Union, the Teamsters, the International Union of Painters and Allied Trades, the United Food and Commercial Workers, the United Mine Workers of America, the National Education Association, and the American Federation of Teachers – have expressed their support for the merger.²³ As CWA President Cohen explained in testimony before Congress, “the expansion of AT&T’s 4G LTE network that will result from the merger holds the potential to create thousands of new jobs.”²⁴ Furthermore, “AT&T, after the merger, will be in a stronger position to create jobs because it will be better able to expand and extend its business than either AT&T or T-Mobile could have done as separate entities.”²⁵ Indeed, in contrast to the speculative assertions by Public Knowledge and Free Press, Mr. Cohen – who has direct experience with AT&T and is a staunch advocate for job security – testified that “AT&T’s management has worked in partnership with CWA to ensure that past mergers worked to the benefit of AT&T’s employees, and this transaction will be no different.”²⁶ As a result, CWA “believe[s] that the AT&T / T-Mobile merger will be good for U.S. workers.”²⁷

Thus, despite the efforts of Public Knowledge and Free Press to paint this transaction as harmful to jobs and the economy, the record shows just the opposite. AT&T’s merger with

²¹ Declaration of Thorsten Langheim, Deutsche Telekom, AG, WT Docket No. 11-65, ¶¶ 11-12 (April 21, 2011).

²² Deutsche Telekom – T-Mobile USA Investor Briefing, at 4 (Jan. 20, 2011), http://www.telekom.com/dtag/cms/contentblob/dt/de/979192/blobBinary/transcript_20012011.pdf (Deutsche Telekom CEO Rene Obermann).

²³ See Joint Opposition at 1-2.

²⁴ Prepared remarks of Larry Cohen, President, Communications Workers of America, Hearing of the Senate Judiciary Committee, Antitrust, Competition Policy and Consumer Rights Subcommittee, at 12 (May 11, 2011) (Cohen May 11, 2011 Remarks).

²⁵ Cohen May 11, 2011 Remarks at 12.

²⁶ Cohen May 11, 2011 Remarks at 11.

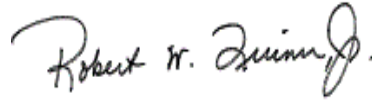
²⁷ Cohen May 11, 2011 Remarks at 11.

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T-Mobile USA will unleash billions of dollars of investment in advanced mobile broadband technologies, provide LTE coverage to 55 million more Americans, and create thousands of jobs in one of the most challenging economic environments in modern history. The merger should be promptly approved.

Pursuant to the Second Protective Order in this proceeding,²⁸ we are submitting this letter to you on a CD-ROM. In addition, we are submitting a redacted version of this letter in ECFS. Finally, we are submitting two copies of the unredacted version of this letter to Kathy Harris of the Wireless Telecommunications Bureau staff or her designee.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert W. Quinn, Jr.", with a stylized flourish at the end.

Robert W. Quinn, Jr.

cc: Best Copy and Printing, Inc. (redacted version)
Kathy Harris, Esq. (unredacted and redacted versions)
Ms. Kate Matraves (redacted version)
Jim Bird, Esq. (redacted version)

²⁸ *In re Applications of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*, Second Protective Order (Revised), 26 FCC Rcd. 8801, *modified*, DA 11-1214 (WTB rel. July 19, 2011) (“Second Protective Order”).